

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 562 – HB 694

February 26, 2013

SUMMARY OF ORIGINAL BILL: Extends, from two to five years, the time period that permanent disabled parking placards are valid. Increases, from \$3.00 to \$7.50, the renewal fee for permanent parking placards.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue – \$492,000/FY13-14, FY14-15, and FY15-16

Increase State Revenue – \$738,000/FY16-17 and FY17-18

Decrease State Expenditures – \$36,600/FY13-14, FY14-15, and FY15-16
\$21,900/FY18-19 and Subsequent Years

Other Fiscal Impact – The net impact to state revenue over any five year period will be zero because the cumulative loss of revenue during the first three years is offset by the cumulative increase during the last two years.

SUMMARY OF AMENDMENT (003695): Establishes that this Act shall take effect July 1, 2013, and shall apply only to those placards issued on or after July 1, 2013.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue – \$738,000/FY13-14 and FY14-15

Decrease State Revenue – \$492,000/FY15-16, FY16-17 and FY17-18

Decrease State Expenditures – \$36,600/FY15-16, FY16-17 and FY17-18
\$21,943/FY18-19 and Subsequent Years

Other Fiscal Impact – The net impact to state revenue over any five year period will be zero because the cumulative loss of revenue during the first three years is offset by the cumulative increase during the last two years.

Assumptions for the bill as amended:

- According to the Department of Revenue, approximately 164,000 placards are issued each year.
- Placards issued in FY11-12 will be renewed in FY13-14, and placards issued in FY12-13 will be renewed in FY14-15, at the higher \$7.50 fee per renewal.
- There will be no renewals in FY15-16 through FY17-18.
- The precise number of placard renewals cannot be reasonably estimated for FY18-19 and subsequent years.
- The increase in state revenue in FY13-14 and FY14-15 as a result of the \$4.50 fee increase (\$7.50 - \$3.00) is estimated to be \$738,000 (164,000 x \$4.50).
- The decrease in state revenue in FY15-16 through FY17-18 is estimated to be \$492,000 (164,000 x \$3.00).
- The state cost of producing a parking placard is approximately \$0.223.
- There will be no change in state expenditures in FY13-14 and FY14-15. The decrease in state expenditures in FY15-16 through FY17-18 due to the reduction in the number of placards produced is estimated to be \$36,572 (164,000 x \$0.223). The decrease in state expenditures in FY18-19 and subsequent years is estimated to be \$21,943 [(\$36,572 x 3) / 5].

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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